For Mysore State (Copy)

GOVERNMENT OF MADRAS. Secrt. II-28—50,006—12-6-53.

Edn (1952) Department.

~~Endorsement~~
~~D.O.~~
Memorandum
~~Lodged~~

No. 47928-C/52-1 Edn.

Dated 20-7-1953.

(Pl lb/AE) FOR MYSORE STATE

Education Department
Memorandum No.47928 C/52-1 Edn. dated 20th July 1953.

Sub: Elementary Education- District Boards- Augmentation of the resources- Recommendations of the Conference- Deferred.
Ref: Government D.O.No.13679 C/52-5 Edn. dated 8-9-1952.

With a view to discuss the question of ~~statutising~~ the financial position of the Elementary Education Funds of the District Boards which work at a deficit a Conference was convened in September last by the Minister for Education with the Director of Public Instruction, Inspector of Municipal Councils and Local Boards and the Examiner of Local Fund Accounts and certain important conclusions were arrived at in the Conference. After a detailed examination of the several conclusions the Government consider that in view of the impending formation of the Andhra State, and in view of the appointment of the Special Officers for District Boards from 1-7-1953 the question regarding the method of financing the local bodies for elementary education which involves a matter of policy may be left to be considered by the two new States to be formed. They accordingly direct that the question be deferred.

A.Govinda Menon,
Assistant Secretary to Government.

To the Director of Public Instruction.
To the Inspector of Municipal Councils and Local Boards.
To the Examiner of Local Fund Accounts.
Copy to Local Administration Department.
Copy to Andhra State. (with enclosure)
Copy to Mysore State

Forwarded/By Order.

Superintendent.

RP/22.7.

To

The Mysore Govt

Enclosures to Memo 67928 C/52-1 dtd 20.1.53

Sub:- Rehabilitation of Boards Organisation & Resources - Recommendations of the Conference - Deferred

Proceedings of the Conference to discuss the Elementary Education Funds of the District Boards held in the room of M.(Edn) on 24-9-52 at 3 P.M.

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The following were present at the Conference:-

M.(Education)
M.(Local Administration)
Secretary, Education Department.
Secretary, Local Administration Department.
Director of Public Instruction.
Inspector of Municipal Councils and Local Boards.
Examiner of Local Fund Accounts.
Additional Deputy Secretary, Finance Department.

2. The note of the Secretary, Education Department was discussed and the following conclusion were arrived at:-

1) Increase in the rate of Education Tax:-

While it was felt that no increase in the rate of education tax levied by District Boards above 36 pies in the rupee of land revenue may be thought of just at present, it was agreed that a beginning should be made by insisting that all the district boards should levy education tax at 36 pies in the rupee of land revenue, in view of the general unsatisfactory position of the Elementary Education Funds even to meet the present requirements, while a considerable amount of expansion in the field of elementary education remains yet to be effected.

(2) Creation of a separate Fund to serve as permanent advance to meet salaries of elementary school teachers:

It was agreed that the suggestion to create a separate fund which may be called the "Elementary Education Contingency Fund" in the cases of certain district boards, in which the position of the Elementary Education Funds is so bad that it is difficult to pay the salaries of elementary schools teachers regularly, was acceptable. This fund should be created by the Government for specified district boards and should serve as a permanent advance to be drown upon with the previous sanction of the Government each time upto the extent required to meet the demand on account of the salaries of elementary school teachers, ponding the orders on the grant of subsidies by the Government. It was also agreed that the amount thus set apart need not be more than what would be required to meet the salary bills of elementary school teachers for two months, and that this amount could be provided by the Government as an advance subsidy, to be adjusted in due course.

P.T.O.

(3) Separate Bank Account for Elementary Education:

The Secretary, L.A.Department mentioned that till a few years ago, there was a separate Bank Account for elementary education fund and that if this system is revived, it will go a long way to give better control over the Elementary Education Fund, which was in almost all cases running into deficit often. It was decided that this point might be further examined.

(4) Government contribution under Section 37 of the Elementary Education Act:-

The Examiner of Local Fund Accounts made a suggesti that the Government contribution under Section 37 of the Elementary Education, Act might be made in the month of April every year based on the figures for the previous years, as this would serve to solve the difficulties in certain district boards in the matter of meeting the Commitments on account of elementary education. It was agreed that this point might be further examined.

True copy /

Of late, the Government have received repeated complaints regarding non-payment of salaries of teachers by the District Boards for want of funds due to which the teachers are put to great hardship. With a view to increase the sources of income of the District Boards, this Department made certain suggestions. The suggestions of this Department and the remarks of Local Administration and Finance are summarised in the tabular statement below:-

Suggestions made by Education Dept.	Remarks of L.A.	Remarks of Finance.
1) Special subsidy may be sanctioned to Dt. Boards like Cuddapah, Chingleput, North Arcot, Madurai, Malabar and the Nilgiris to cover the balance of the deficits after the grant of maximum subsidy towards D.A. as the entire subsidy towards D.A. will not be sufficient to cover deficits in the E.E. Fund Budgets.	The net deficit in these cases after taking credit for the D.A. grant admissible may be met by an equivalent special Govt. grant subject to condition that no capital expenditure is incurred by the Dt. Boards from their ordinary revenues.	Present system of granting subsidies seems to be satisfactory. Instructions may be issued to the Dt.Boards that Revenue and Expenditure should be so regulated that deficits are avoided. If subsidy to cover the entire deficit in the Budget, is sanctioned, commitment involved will be very large. Proposal cannot be agreed to.
2) The Collectors may be instructed to be prompt in making the advance payments of Education cess.		May be agreed to
3) Subsidy given to Dt.Bds. for maintenance of Ele. Schools is a fixed amount. This amount was fixed long ago. Subsequently pay of teachers was revised.D.P.I. may be asked to suggest the revised lump-sum subsidy having regard to present scales of pay of teachers.	The proposal is supported. The special grant recommended at item (1) above may be reduced by the extent of relief which may be afforded to Dt.Bds. consequent by the proposal to enhance the lump sum subsidy.	In view of financial stringency, Proposal need not be agreed to.
4) Whenever new Schools are opened by a Dt.Bd. no subsidy is given by Govt. But when a private management opens a school, subsidy is given Dt.Bds. may also be given subsidy for new schools opened.	The proposal may be supported.	In view of the existing financial stringency, they have been advising against opening of new schools by Dt.Bds.with poor financial condition. The proposal has to be dropped in view of present State finance.

Item (2) above: A draft memo to all Collectors is submitted.

Item (1) above: It may be stated here that while passing orders on the E.E.Fund Budgets for 52-55 of all District Boards with deficit Budgets, P.D.Bs were instructed specifically not to incur any additional expenditure ~~xxxxxxxxxx~~ towards opening of new schools and employment of additional staff. Capital expenditure was also deleted from the Budget estimates submitted by the P.D.Bs so as to reduce the deficits. It will therefore be seen that the deficits, stated in the Statement at (5) below were arrived at after deleting all items of expenditure which could possibly be deleted, and final orders in

P.T.O

in all such cases were passed in consultation with finance.

All the Dt.Bds. under reference are levying Education Tax at the maximum rate of 56 pies, and therefore there is no scope to raise the rate of Tax further which is their main source of income. The only way left for the reduction of expenditure is by closing down some of theexisting schools. Article 45 of the Constitution lays down that the State should endeavour to bring all children under 14 years under instruction within a period of ten years. It will be, therefore, a retrograd step to order the closure of schools with a view to balance the budgets. In the circumstances the proposal of this Department to sanction special Subsidy to the Dt.Bds. to cover the balance of the deficit after grant of maximum subsidy towards D.A. may be pressed.

Item (3) above: In view of the fact that most of the Dt.Bds. E.Fund Budgets are working at large deficits, there seems to be a strong case to revise the maintenance subsidy payable to Dt.Bds. having regard to present scales of pay of teachers. The proposal may therefore be pressed.

Item (4) above: In view of the present very poor financial condition of the Dt.Bds., and in view of the need for expansion of ele.education as contemplated under Article 45 of the Constitution, there seems to be no justification to discriminate between private agencies and District Boards in regard to payment of grant for new schools. The proposal that Dt.Bds. may be given grants for new schools opened by them may be pressed.

Finance have suggested that as this file deals with the general questions involving huge expenditure and matters of policy, the matter may be considered by the Government and a decision arrived at. The file may now be circulated to M.(Acc), M(Edn.), M.(L.A.), M.(Fin) and C.M. for orders.

As regards item 2 on page 14 ante, a circular may be issued straightaway to all the Collectors. A draft memo is submitted.

2. As regards financial assistance to Dt.Boards whose funds work at a deficit something has to be done. Otherwise the low paid elementary school teachers will not get their salaries regularly and they will be put to great hardship. It seems that a conference of the Presidents of the Dt.Boards, the D.P.I., the Inspector of Municipal Councils and Local Boards, the Examiner of Local Fund Accounts may be called for to discuss the whole question and to find out some remedy. The Secretaries of the Education., Local Administration and the Finance Departments may be present. M(Acc), M(Edn.) M(L.A.) and M.(Fin) may also be present. For Orders.

A.G.M.
14-6-52.

X on page 16 ante.

The problem is grave & important. I support this suggestion.

K.M.U.
14-6-52.

S.R.S. (M (Acc)
18-6-52.

Yes it is necessary,
M.V.K.
22-6-52. (M. Edn.)

M.S.R.
24-6-52. M (& L.A.)

'A' may be done.
C.S.
25-6-52. M (Fin)

S.R.
25-6-52. C.M.

/True Extract/

Extracts of Notes.

Please see Secretary's note on the previous page with reference to [illegible] on page 2 of the sectional notes it is submitted that the position is the same and that the note does not require any modification.

As regards the further action to be taken in this file the following new developments have to be taken into account---

(1) the existing Dt. Bds. will be dissolved and Special Officers will be appointed from 1-7-1953. The S.O.s. may have better grip over the finances of Dt. Boards and much of the financial difficulty now experienced by the Dt.Boards may disappear or lessen to a considerable extent.

(2) The issue raised in this file involves a question of policy viz., method of financing local bodies for elementary education.

As we are on the eve of partition it is perhaps better that the question is left to be considered by the two new States. M(Acc.) and M.(Edn.) may see.

May be agreed to

K.M.U.
15/4/53

A(Govinda Menon).
15-4-53.
M.(Acc.)Sd/-Shanmuga Rajeswaran
M(Edn.) sd/-M.V.Krishna Rao.

/true extract/

(Last seen in finance on p.23 above)

The file deals with the conclusions arrived at at the conference held on 24-9-1952 to discuss the Elementary Education Budgets of Dt. Boards. The recommendations are at (R). Secretary has remarked that till the p repercussions of the proposals for the Finance Department to comment. M(Finance) has accordingly ordered that the proposal may be examined by Finance. Education have not examined the proposal in detail, particularly proposals (3) and (4) in (R) in respect of which the Conference has suggested further examinations. However, the following remarks are offered on the recommendations.

⊗ as the State budgets are examined, it is not possible

2. Recommendation (1) - Increase in the rate of Education Re Tax: The District Boards are authorised under the Elementary Education Act, to levy education tax at the maximum rate of 36 pies in the rupee of land revenue, At present, the tax is levied at this maximum rate by 20 Dt. Boards, while the remaining 5 Dt. Boards levy the tax a rates varying from 20 to 36 pies as shown below:

Dt. Board.	Rate	Budgetary position 52-53	
		Deficit.	Surplus.
1. East Godavari	27 pies	2,93,201	...
2. Guntur.	27 pies	...	8,873
3. Krishna.	21 pies	...	1,20,140
4. Kurnool.	30 pies	3,06,343	...
5. Tanjore.	20 pies.	52,657	...

In regard to the 20 Dt. Boards which levy the maximum rate of 36 pies, the Elementary Education Budget for 1952-53 close with heavy deficits in the case of 19 Dt. Boards, and only in the case of the South Arcot Dt. Board there is a surplus of Rs.54,990 The total deficit in the case of the 19 Dt. Boards run to the huge sum of Rs.[illegible] lakhs. A good portion of this has to be given as subsidy for expenditure on dearness allowance Nevertheless, the Conference has recommended that no increase in the rate of tax beyond 36 pies can be thought of at present. As the question of levy of surcharge on land revenue is under consideration it may perhaps be not possible at

or desirable to increase the education tax further, finance may therefore agree with the recommendation.

As regards the Dt. Boards where the maximum rate is not levied at present, 3 are working at a deficit This department have been pressing that subsidy towards dearness allowance should not be paid until the Dt. Bd. has raised the education tax to the maximum rate allowed. The plea put forward ga against the levy of the maximum rate is the scarcity conditionsand the inability of the agriculturists to pay more. The Conference has recommended that a beginning should be made by insisting that all the Dt. Boards should levy the tax at 36 pies. Finance may strongly endorse this recommendation and advise that steps may be taken to direct ~~that~~ the 5 district boards to raise the tax from 1952-53 itself.

3. Recommendation(2) Creation of a seperate fund to serve as permanent advance to meet salaries of Elementary School Teachers.

The Conference has recommended that a separate fund called the 'Elementary Education Contingency Fund' should be created by the Government for specified Dt. Boards in which the position of the Elementary Education Fund is so bad tht it is difficult to pay the salary of teachers regularly and that this would serve as a permanent advance to be drawn upon with the previous sanction of the Goverment pending orders on the grant of subsidy by the Government. It has been recommended that the amount thus set apart need not be more than what would be required to meet the salary bills of Elementary School teahers for 2 months and that this amount could be provided by the Government as advance subsidy to be adjusted in due course.

Almost all the 21 deficit Dt. Boards may require advance subsidy in order to enable them to pay their teachers. Assuming that about 50% of the Dt. Boards with require advance subsidy and that on an average the salary bill of Elementary School teachers will be about Rs.60,000 p.m. the amount that should be set apart in the fund according to the recommendation aboue will be about Rs.10 to 12 lakhs.

It is not clear how this suggestion is helpful to the Dt. Boards. Even under the existing arrangements, no delay is being caused in sanctioning advance subsidies to Dt. Boards towards expenditure on dearness allowance in ~~all~~ cases where the Dt. Boards plead lack of funds to pay their teachers. The position will not be improved, if the subsidies are sanctioned from a separate fund. Ordinarily, Funds are created for the purpose of earmarking specific allotments for specific objects and to see that the allotments are carried forward to future years without lapsing. There seems to be no point in constitutioning a Fund in the present case.

Apart from the above re: the merits of the proposal the general principal is that special funds should not be created as far as possible in view of the states limited resources and deficit financing. The P.A. Committee has recommended that so far as possible the creation of special funds should be avoided and the Government have accepted this recommendation.

In the circumstances, Finance may advise against the proposal for creating the proposed Fund.

4/Recommendation (3) Separate Bank Account for Elementary Education:

L.A. Secretary has stated thattill a few years ago there was a separate Bank Account for Elementary Education Fund and that if this system is revived it will go a long way to give better control over the Elementary Education Fund. The Conference decided that this point may be further examined. There is no information in this department on the point mentioned by L.A. Secretary. The circumstances under which the system was discontinued are also not known. Education may put up the previous papers and examine the point in consultation with L.A. and let this department see the case again.

5. Recommendation (4)- Government contribution under Section 37 of the Elementary Education Act.

Under Section 37 of the Elementary Education Act,

Government are under an obligation to make contributions to the Dt. Boards towards the proceeds of education tax realised by them, this being determined at present at 50% of the proceeds of the tax realised by the Dt. Boards, subject to the maximum calculated at the rate of 9 pies in the rupee of land revenue. If a Dt. Board levies education tax at less than 18 pies in the rupee of land Revenue the Government contribution will be restricted to one half of the total proceeds of the education tax realised. If on the other hand, the Dt. Board levies education tax at 18 pies or more, the Government contribution is paid on the total amount of the tax collected at 9 pies in the rupee of the land revenue irrespective of the rate of education tax.

The mode of payment of these contributions at present is that the contribution due for a year is paid in a lumpsum in the next year after the figures of collection of Education tax become available. Payments are sometimes made provisionally on the basis of figures furnished by the Dt. Bods. even though the audited figures are not received from the Examiner of L-F. Accounts The suggestion of the Examiner apparantly is that the contribution in respect of a particular year should be paid in April. in advance based on the contribution paid during the previous year. There seems to be no serious objection to this proposal, except that our ways and means may be affected slightly, and that it will give rise to the need for subsequent adjustments when actual figures ar e known, and may resultin over payments. If large overypayments are made in a particular year, the Dt..Bds. will find it difficult if the amounts are deducted from the subsequent years' contribution. Apart from the immediate benefit to the Dt. Bd. it is not clear how this arrangement can be of advantage in the long run. Education may examine the question further.

Para 5 above: At present Government contributions due to District Boards under Section 37 of the Elementary

Education Act for a year is paid in the next year. This payment is normally made after the audited accounts are available and the actual amount of the Government Contribution is determined. Such payments happen to be made about the middle or towards the end of year. The Examiner's suggestion seems to be that the time of payment may be advanced to the first month (April) of the financial year and that the amount may be based on the figures of the previous year. For example if Government contribution for 1952-53 is to be paid to a district Board in April 1953, it can be done only on the basis of the Actuals of 1951-52 which would be the latest available. Then in the course of 1953-54 after the final figures of 1952-53 are known from the audited accounts, necessary re-adjustments will have to be made with reference to the correct amount of the Government contribution determined. Prima facie there is no objection to the above change in procedure. Education will no doubt let the Examiner see the draft of the instructions on the subject before they are issued.

this does not seem to be the Exr's intention. He apparantly contemplates payment of grant for each year in that year itself in advance.

Paragraph 3 on pages 25-26 above: It is reported that the teachers employed in the Elementary schools under District Boards do not receive their salaries regularly every month on the ground that the District Boards he do not have sufficient funds at their disposal for meeting this commitment. The difficulty may arise as under:-

(1) Where the Elementary Education Fund of a District Board is working at a large deficit and it is also not found possibly to cover this deficit by a contribution from the general funds

(2) Where there is delay in the adjustment of education cess and Government grant due for credit to the Elementary Education Fund.

(3) Where the Elementary Education Fund is not

kept intact throughout the year but is diverted for other expenditure from time to time.

2. Case (1) above - Special measures have to be taken to improve the finances of the District Board concerned either with or without special Government aid as the case may be. As a first step, the Education Department propose that the District Boards which are not now levying the maximum rate of Education cess (36 pies in the rupee of land Revenue) should raise the tax to the maximum rate. This proposal will immediately effect only five District Boards and will not result in any increase in the Government contribution, as such contribution is now limited to 9 pies in the rupee of land Revenue.

3. Case (2) above - In regard to the Government cobtribution to District Boards under Section 37 of the Elementary Education Act, the payment due for a year is now made only in the next year, after the audited figures for the year concerned are available. Sometimes, the payment is authorised in the beginning of the next year itself, before the audited figures are available, on the basis of the figures furnished by the District Boards, subject to adjustment later on the basis of the final ei figures. The procedure of such provisional adjustment in the beginning of a year may perhaps be followed more generally in the case of the District Boards, so as to give them some relief. The Examiner of Local Fund Accounts, has made the further suggestion that the Government contribution in each year might be paid in the beginning of that year itself on the basis of the Education cess figures for the previous year, subject to later adjustment on the ab basis of the final figures of the year. Even according to that procedure the District Boards, will get only one single provisional payment in the beginning of the year and if is not therefore much different from the g suggestion made at 'A' made above. But on the first year of the adoption of that procedure each District Board will get two payments, one as contribution for the previsi previous year and the other as provisional,

contribution for the current year. This will mean an initial benefit to the Elementary Education fund of the District Boards with a corresponding disadvantage to Government funds, the amount being of the order of Rs.40-45 lakhs. It does not seem necessary to make this change in the present state of the Government's finances.

Land cess and Educational cess are now collected by the Revenue Department along with the Land Revenue during the kist months. The credit to the District is however, afforded on a monthly basis. the instalments beingfixed each year on the basis of the actual collections in the previous year. It has been reported that the Collectors delay the credit of these monthly instalments. Orders have therefore been issued to all Collectors to be prompt in the credit of these monthly instalments. No further action is called for.

4. Case (3) above: Under the Statute, a separate account has to be kept for the Elementary Education Fund. It is reported that there was previously a separate banking account with the Government in respect of each Elementary Education Fund. If this practice is restored, t will effectively prevent the diversion of the lementary Education Funds for other purposes at any ime. The question is however, to be examined fully ence to the reasons which led to the discontinlance of the procedure in the past. Mean while, a procedure may be devised by which at least a portion of the mount at the credit of the Elementary Education fund s kept is intact, as a sort of emergency reserve, to meet he payment of the salaries of the teachers. The Education epartment suggest that an Elementary Education Contingeny Fund may be started for this purpose. The idea is that hen a District Board gets a Government contribution including any advance payment) a portion of it, which may oughly be equal to one or two months salary of its lementary school teachers, might be credited to this

Contingency Fund. This procedure is to be adopted initially only in respect of such of the District Boards which are usually badly in arrears in the matter of payment of salaries to their teachers. All District Boards have now banking accounts with the Government (Deposits of Local Funds) to which all Government payments to the District Boards are initially credited and ~~from which the District Boards are initially credited and~~ from which the District Boards subsequently withdraw funds as and when necessary. The Elementary Education Contingency fund for the few District Boards for which it is proposed will be a separate Deposit Account with the Government. When a particular District Board anticipates that it will not have sufficient funds to pay the salaries of its teachers in the beginning of the next month, it is expected to address the Government immediately, asking for permission to draw the required amount from this Contingency Fund and the intention is that the necessary permission will be given immediately, i.e., in advance of the detailed examination of the financial position of the District Board, concerned. At present, District Boards, ask the Government for an advance payment in respect of the grant payable By the Government towards dearness allowance to the teachers, when they have not got sufficient balance in their funds. This request is examined by the Education Department, L.A. Department and the Finance Department, and orders as are passed in due course, sanctioning such advance, grants as may be considered necessary. This procedure takes a little time, which cannot be avoided always. In cases where orders sanctioning advance grants can be issued without much delay, drawal from the Contingency Fund may not be necessary. When an advance grant is sanctioned, the amount may be directed to be credited to the Elementary Education Contingency Fund to the extent of the amount already authorised to be drawn from it.

An alternative procedure will be to issue orders sanctioning advance grants to particular District Boards, on a predetermined basis immediately on receipt